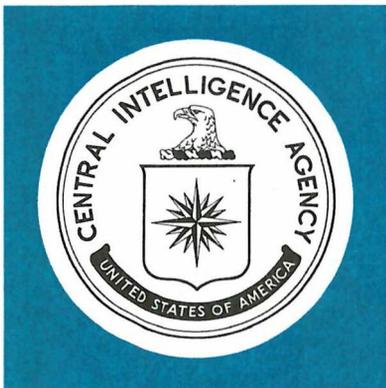


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DIRECTORATE OF
INTELLIGENCE

Intelligence Report

Shanghai

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CIA/BGI GR 72-7
January 1972

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People's Republic of China



Figure 1



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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
January 1972

INTELLIGENCE REPORT

Shanghai

Introduction

1. Shanghai is China's largest port and industrial city and the most populous urban center on the mainland of Asia. The half-caste child of East and West, it was built by Western capitalists on the mud flats of the winding, Whangpoo River (Huang-p'u Chiang). Around the fourth century A.D., Shanghai was only a small fishing village at the confluence of the Huang-p'u Chiang and Soochow Creek (Su-chou Ho). In later centuries it became the port for the city of Su-chou, then the center of this part of China. In A.D. 1279 the port declared itself independent of Su-chou, began paying taxes directly to Peking, and changed its name to "Shanghai," which literally means "up from the sea"; it must still have been relatively unimportant, however, as Marco Polo, who wrote of all the major cities in the region at this time, failed to mention it.

2. By the mid-1700's, agents of the British East India Company had become impressed with Shanghai's potential as a trading post. Sited only 14 miles from the estuary of the Yangtze

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River, it had as its hinterland the 750,000 square miles of Yangtze Basin, an area that has always contained perhaps as much as half of China's population. Further, it was in a location destined to become the center of coastal trade between north and south China. The British, as well as traders from Europe, America, and later on from Japan, finally gained free access to Shanghai and the Chinese ports of Canton, Amoy, Foochow, and Ning-po as a result of the 1842 Treaty of Nanking that ended the Opium War; these ports were then opened to foreign trade and their foreign residents were placed outside the jurisdiction of Chinese laws.

3. In 1843, the first British Consul to Shanghai arranged for the acquisition of a 43-acre site for the foreign traders, most of whom were British. This land, located near the confluence of the Huang-p'u Chiang and Su-chou Ho, comprised the initial British Concession, which within the next 6 years was expanded to 470 acres. In 1863, the British Concession and an American settlement that had never been legally established were combined to form the International Settlement. The other major foreign land holding in Shanghai, the French Concession, was held independently. It was located south of the International Settlement and just north of the walled Old Chinese Town. Together, the two foreign settlements covered slightly more than 3 square miles.

4. Within the 25-year period following the signing of the Nanking treaty, Shanghai gained national primacy in both foreign and domestic trade. The foreign population had grown to 1,000 by 1860. (In 1936, foreigners numbered about 60,000 in an estimated total population of 4 million.) Shanghai became a city of opportunity that attracted individuals from all over the world; they came to build empires for themselves, and in the process, erected Shanghai. Sited on a mud flat with bedrock about 1,000 feet below, Shanghai was ill-suited for the construction of multistoried buildings. Yet about a dozen Western-style skyscrapers of stone and cement,

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rising as much as 300 feet, were built on the west side of Shanghai's famous Bund to house banks, clubs, firms, and hotels. (The muddy tidal fore-shore along the Huang-p'u Chiang and Su-chou Ho could not be used until embankments were constructed -- a process known in all the China treaty ports by the Anglo-Indian term, "bundling." The Shanghai Bund was constructed in 1862.)

5. As Shanghai flourished, it became notorious as the "Paris of the East" and the "Adventurer's Paradise," appellations that were associated with its seaport bawdiness, brothels, opium dens, cabarets, clubs, and night life that were so popular with visiting sailors and tourists as well as with the "Shanghailanders," the Western foreign national residents. Shanghai gave its name to the practice of kidnapping men to sail ships whose crews had deserted for the "better things" to be found in Shanghai. In 1934, it was estimated that Shanghai led the world's major cities in the incidence of prostitution. Perhaps the most odious of the vices that permeated Shanghai was the opium trade. In the French Concession, street vendors sold paper packets of opium that were labeled with the seller's name, address, and telephone number. Opium dens flourished openly, particularly in the French Concession until the late 1930's, and well into the 1940's under only the thinnest of disguises.

6. The Army of the People's Republic of China moved into Shanghai in May 1949; in the eyes of the Chinese Communists this must have been an act of poetic justice as the Chinese Communist Party was founded in Shanghai in 1921. With extraordinary patience and deliberation, the new administrators of the city set about ridding the city of a multitude of beggars, prostitutes, and drug addicts, thousands of which were sent to rehabilitation schools. Slowly, but with almost surgical precision, the Government rid Shanghai of most of the vices that had flourished there for more than a century. Today only vestiges of the city's vice-ridden past remain -- such as occasional prostitutes in the park, but they do not enjoy Government sanction.

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7. The old monuments to foreign rule have been transformed since 1949. The race course is now a People's Park; the Hong Kong and Shanghai Bank building has been taken over by the municipal administration; the once exclusive Shanghai Club was converted to the Seamen's Club; and the ornate Cathay Hotel, revolutionized, has emerged as the Peace Hotel.

8. Shanghai has always been noted for its political radicalism and sense of independence. As a result of this, as well as its size, it is accorded the rank of municipality and thus reports directly to the Central Government in Peking. More Westernized than any other Chinese city, Shanghai still has an air of subdued levity blended with political practicality that makes it unique in China.

9. Population transfers to the interior were carried out immediately following "liberation" in 1949 and on into the 1950's -- some of which paralleled earlier abortive industrial relocations; during the Cultural Revolution of the 1960's additional people were sent to the countryside. Notwithstanding these moves, however, greater Shanghai now has a population of over 10 million, of which it is estimated that 6 to 7 million live in the city proper. The rural countryside immediately surrounding the city has a relatively high population density, too; but many of these people live in the net of service centers outside the edge of the city and are separated from it by broad expanses of cultivated fields.

10. Shanghai today is one of the most important cities in China, whose relative rank reflects its favorable location and the richness of its commercial and industrial inheritance. Following the establishment of the PRC, a removal of industry to the interior was planned and, in part, carried out; however, the regime realized the economic foolishness of this plan by the late 1950's, and Shanghai's existing industrial plants were then renovated and expanded. Shipbuilding

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and repair facilities, an expanded chemical industry, and a greatly increased machine building and iron and steel industry, account for an increasing proportion of the city's industrial output.

11. The Chinese are proud of Shanghai's industrial accomplishments, and they commonly display their "show piece" industrial plants and worker's apartments to visitors. Buildings and other relics of the Treaty Port Era, however, may actually be of more interest to the Westerner. A visit to the Old Chinese Town gives the hurried visitor an appreciation of the traditional Chinese town that still exists in many parts of China.

Overview of the City (See Figures 2 and 23)

12. Shanghai evolved from the walled Old Chinese Town that foreigners found upon their arrival in 1843, when the city was opened to foreign trade. The encircling walls have now been replaced by streets, but many of the characteristics of the traditional Chinese town remain in this section of the city.

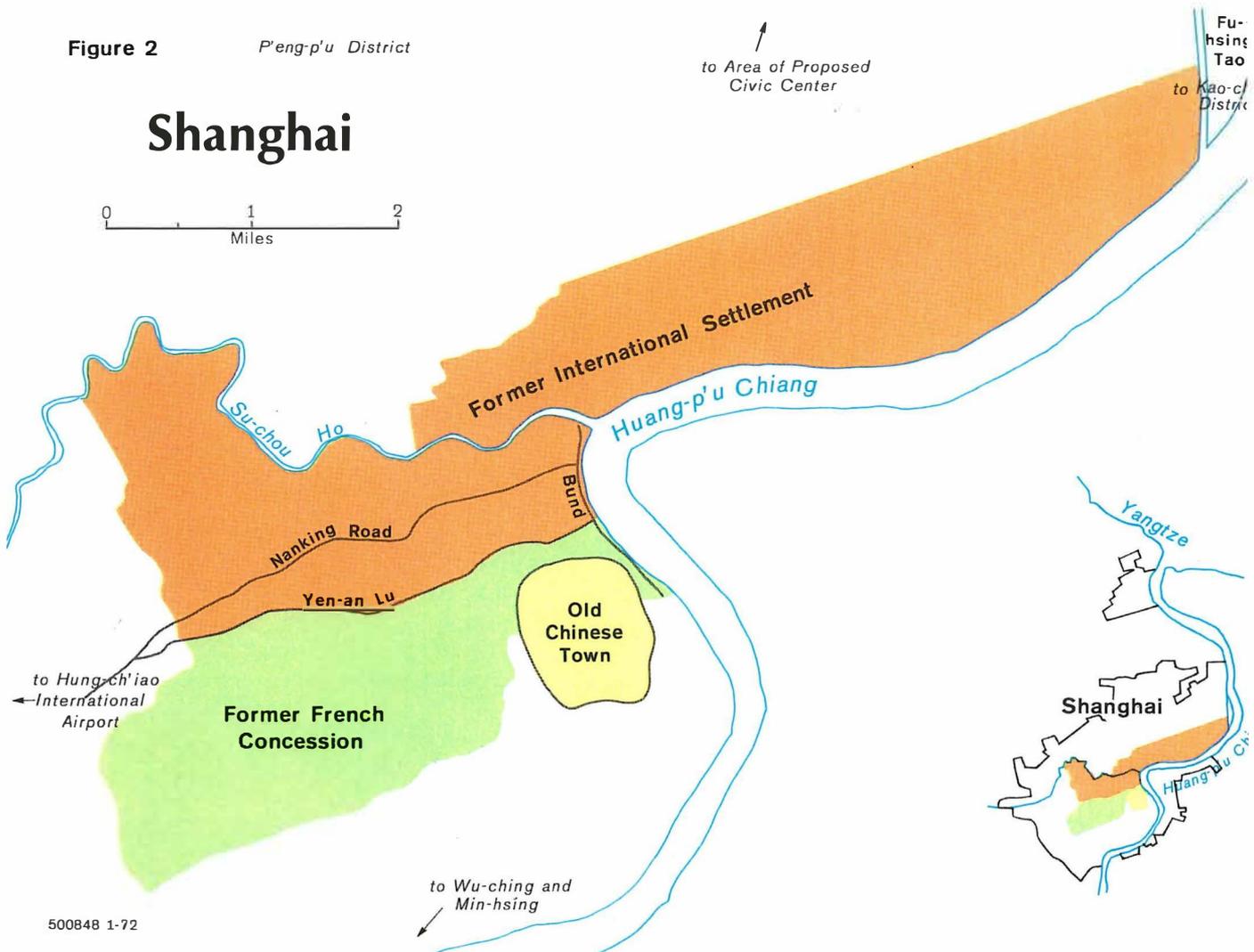
13. The original foreign settlement, which was under exclusive British control, was established near the confluence of the Huang-p'u Chiang and the Su-chou Ho. The settlement area extended southward from the area of the Su-chou almost to the Old Chinese Town. The major commercial core of the present city -- established by Westerners -- is found in this area. Tall office buildings, characteristic of the central business districts of most large Western cities, line the Chung-shan Tung-lu (the Bund) and Nan-ching Lu (Nanking Road).

14. The former French Concession lies just south of the British Concession, from Yen-an Lu on the north to Tung-men Lu on the south. The commercial importance of this area was second only to that of the British; presently, several institutions including the Shanghai Museum and other governmental and cultural buildings are

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Figure 2 P'eng-p'u District



located here near the Bund. Pleasant residential neighborhoods with quiet streets and large secluded homes were established in the westward extensions of the French Concession; now many institutions are located here. Included are a medical college, several hospitals, Culture Square -- a huge auditorium -- and the former home of Dr. Sun Yat-sen, which now houses a small museum.

15. The British foreign settlement area was later extended westward and north of Su-chou Ho and eastward along the Huang-p'u Chiang, incorporating the American settlement; it was renamed the International Settlement. As the city expanded, the Chinese themselves developed additional outlying areas, only one of which merits special attention -- the intended Civic Center area of Greater Shanghai in the Chiang-wan district. At

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the hub of the district is a traffic circle, from which streets radiate in spokelike pattern, the spokes being joined, in turn, by other streets. Many educational, governmental, or military institutional facilities are in this area; included among them is the well-known Fu-tan University, specializing in the sciences, and T'ung-chi University, an engineering school.

16. After the establishment of the PRC, the old industrial centers along Su-chou Ho and on both banks of the Huang-p'u Chiang became relatively less important as industry in other areas expanded. The highly touted heavy manufacturing district of P'eng-p'u has been established north of the city, and an integrated iron and steel plant has been built nearby in the Wu-sung district. The Kao-ch'iao district on the right bank of the Huang-p'u, north of the island of Fu-hsing (Fu-hsing Tao), now boasts a petroleum refinery and petrochemical plant. South of the city a widely publicized new industrial suburb, Min-hsing, has been established, while closer to the city is the Wu-ching Chemical Complex.

17. Industrial expansion has been complemented by the construction of new housing -- commonly workers' apartment buildings -- in the areas of new industrial activity as well as in some of the former slums. Such expansion has also required the provision of additional services -- such as child care centers, dispensaries, and retail stores.

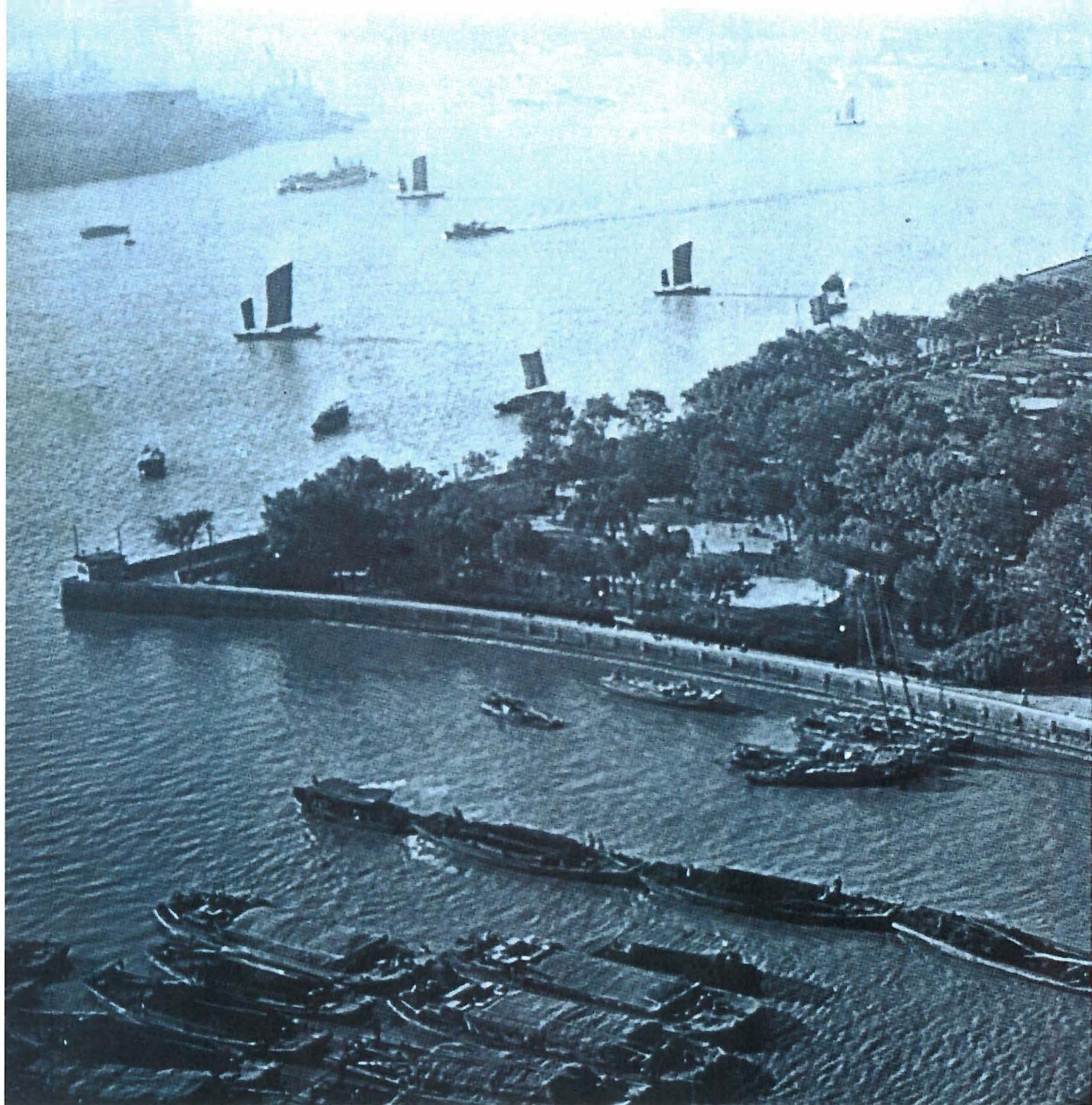
18. Most civilian visitors arriving in Shanghai by air land at Hung-ch'iao International Airport, west of the city, or possibly at Lung-hua Airfield to the south if on a domestic flight; the two airfields north of the city are exclusively military. The main railroad station is located within the city north of the central business district. Ship passengers are landed at the customs wharf, alongside the Bund, directly in front of the Customs Building.

19. Shanghai's climate is fairly similar to that of Norfolk, Virginia. The Shanghai winter,

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Figure 3. Shanghai. Looking south along the Bund from Shanghai Hotel. The Su-chou Ho in foreground flows into Huang-p'u Chiang to left. P'u-tung district is on far side of Huang-p'u Chiang, opposite the Bund. Huang-p'u Park in left middle-ground extends south between the Bund and the Huang-p'u Chiang.





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Figure 4. Su-chou Ho. Looking west from Shanghai Hotel. The Central Post Office, with clock, is in right middle-ground. Lower buildings of Cha-pei district, right background, provide sharp contrast to those of former International Settlement in foreground.



Figure 5. Shanghai. Looking north from Shanghai Hotel. The intricate street and lane pattern within each block is in sharp contrast to that of central business district in the old International Settlement.

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Figure 6. Slums of Shanghai. Some of these have been replaced by more modern workers' apartment buildings (background).



Figure 7. Typical Shanghai neighborhood close to main business area. Shops commonly occupy the front of the first floor. Living areas are relegated to the rear of the first floor and to overhanging second and subsequent floors. Note lack of motorized transport.

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Figure 8. Modern worker's housing. These units were erected near Su-chou Ho northwest of the central business district.

however, is cooler than its latitude might indicate, with temperatures averaging close to 50°F in the daytime and dropping to near freezing at night. Winter precipitation is less than that of Washington, D.C.; precipitation is experienced about 3 days out of 10, and occasionally it snows. Most of the annual precipitation (45 inches) falls between March and October. Summers are hot and humid, particularly the months of July and August, but autumns are pleasant and relatively dry.

Selected Points of Interest

Downtown Shanghai (See Figure 24)

Area of Former Foreign Settlements

20. The Bund and Nanking Road are probably the most attractive parts of the city for Western

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visitors. The Bund, still the major focus of commercial and banking services, offers the skyline for which Shanghai is known among Westerners; tall buildings present an imposing view similar to those in large cities of Western countries. The closed British Consulate, a compound with gardens, is found at the north end of the Bund. Farther south, at the northwest corner of the intersection with Nanking Road, is the imposing Peace Hotel; formerly known as the Cathay Hotel, it is presently used to accommodate foreigners. The former Hong Kong and Shanghai Banking Corporation offices, which now serve, in effect, as the city hall, are farther south on the Bund. The once exclusive Shanghai Club, which was supposed to have the longest bar in the world, is now called the Seamen's Club. It stands at the southeastern end of the old International Settlement. Immediately south of Yen-an Lu is the tower of the former meteorological observatory. Different flags were hoisted on this tower to indicate the weather; also, at midday, a signal indicated the exact moment that the sun passed the meridian.

21. Huang-p'u Park, a well manicured, flower-filled enclave amidst the din of the city, is situated between the Bund and the Huang-p'u Chiang. Across the river, to the northeast of Su-chou Ho, and to the south are the numerous godowns, or warehouses, and wharves that are so essential to the development and growth of the city.

22. The Shanghai Hotel, formerly the Broadway Mansions, is situated on the north side of Su-chou Ho near its confluence with the Huang-p'u Chiang. Farther east the dirty, older industrial district of Yang-shu-p'u extends along the left bank of the Huang-p'u Chiang to Fu-hsing Tao.

23. Nanking Road, the busiest street in the city, extends westward from the Bund. Two major department stores are located along this road; the larger is the No. 1 Department Store, whose merchandise is representative of the kinds of consumer goods available to the Chinese people -- particularly those living in urban areas. Farther

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Figure 9. Yang-shu-p'u wharf area on left bank of Huang-p'u Chiang looking west toward the Bund. Shipping and associated activities have long been the lifeblood of the city.

west, facing the People's Park, is an imposing black marble edifice, the International Hotel (the former Park Hotel), in which foreigners may also stay. Reputedly, an inexpensive, good restaurant is on the 12th floor. Nearby is the Hotel for Overseas Chinese.

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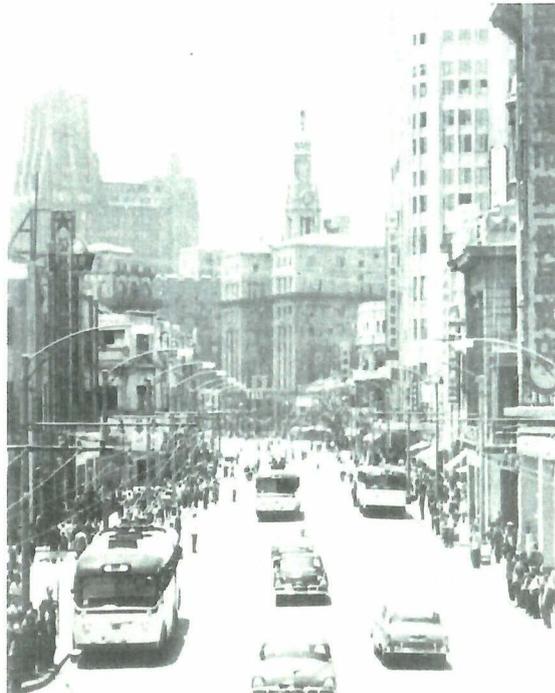


Figure 10. Nanking Road. Looking west on the main shopping street. International Hotel is the tall building in left background; Overseas Chinese Hotel with high spire is in center background.



Figure 11. Nanking Road. Looking east. No. 1 Department Store is the large building in left middleground with Chinese language signs. Spire of Overseas Chinese Hotel left foreground.

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Figure 12. Looking east across People's Park. The International Hotel is the tall building to the left while the No. 1 Department Store is in the center of view.

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24. The People's Park and People's Square, occupying the area of the former race course, form a focal point for many buildings of cultural interest. Immediately west of the park is the Shanghai Library, while to the south are the Music Hall of Shanghai and the People's Amusement Center, formerly the "Great World." The People's Amusement Center consists of several floors with galleries built around a central courtyard. The visitor may take an elevator to the top floor for a view of the city; if he walks down, he may look in on various performances, such as plays, being given in different places simultaneously. The central courtyard is where the best performances are usually given. Farther north, the Worker's Palace of Culture fronts on the People's Square.

25. Southeast of the People's Park lies the formerly walled Old Chinese Town. Enroute to the Town one may wish to stop at the Shanghai Museum, on the southwest corner of Yen-an Lu and Ho-nan Lu, or at the Shanghai Museum of Natural Science on the opposite corner.



Figure 13. Westerner visiting Shanghai. Westerners constitute a curiosity to Chinese, particularly children, many of whom have never seen foreigners.

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Figure 14. Part of Yu Garden -- a lovely enclave in the Old Chinese Town -- which contains the well-known Willow Pattern Tea House.

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The Old Chinese Town

26. The Old Chinese Town is surrounded by an oval pattern of streets, where the encircling wall once stood. The labyrinth of streets within this part of the city may prove confusing to the Westerner. The town, however, offers the layout and architecture of a traditional Chinese town. The streets are narrow and twisting and the buildings are low, and the appearance of the area is in sharp contrast with that of the foreign settlements area.

27. The lovely Yu Garden, with its picturesque rock garden and famous "Willow Pattern Tea House", set in a small pond, are perhaps the most beautiful sights in the old city. The bridges extending to the tea house were constructed in a zig-zag pattern. According to Chinese belief, this pattern wards off evil spirits, which are baffled when they are unable to travel in a straight line. Just south of the Yu Garden is the Ch'eng-huang Temple, or Temple of the Town God, that used to be a feature of every town in old China. These points of interest have been cleaned up and restored after many years of neglect.



Figure 15. So-called "Willow Pattern Tea House" as it appeared in 1959. Located in the center of a pond in Yu Garden, it is connected to the shore by crooked zig-zag bridges.

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Other Areas of Shanghai (See Figure 23)

Western Area

28. West of the downtown district are several features of interest. The Sino-Soviet People's Friendship Building, on Yen-an Lu, is an imposing structure with its high spire and broad expanse. A permanent exhibition of products manufactured in Shanghai is housed within the building, and other

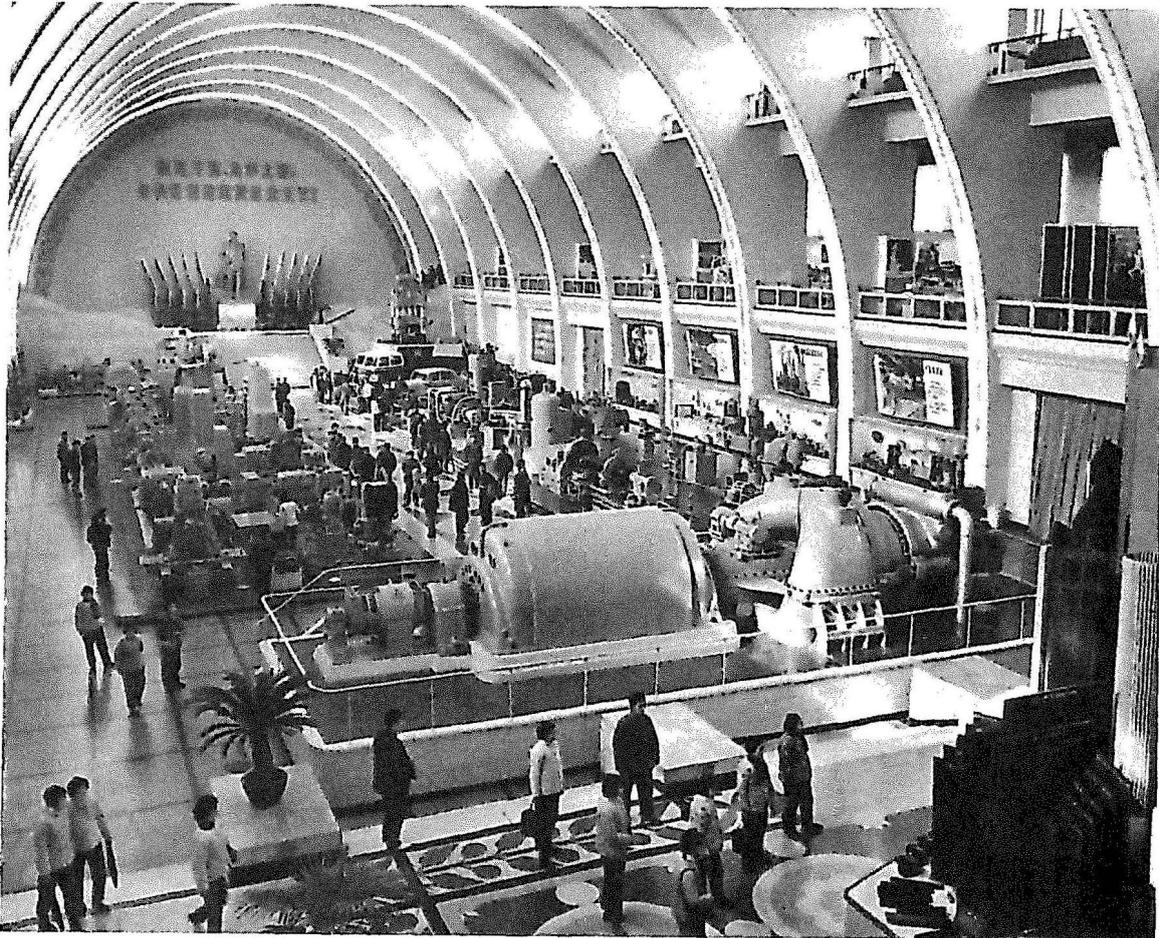


Figure 16. Main exhibition hall of Sino-Soviet People's Friendship Building. The name of building may have been changed during or since the Cultural Revolution. The building is located west of the main business district. Photo dated mid-1960's.

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Figure 17. Shanghai Children's Palace west of central business district. Here children pursue educational hobbies and games under guidance of experienced instructors.

exhibitions are held there from time to time. Children's Palace -- an educational-recreational-amusement center where all recreational activity is meant to be instructive -- is found farther west.

29. Northeast of the Children's Palace, at the intersection of Nanking Road and Fan-huang-tu-lu, is the Buddhist Ching-an Monastery with its well-known Temple of Serenity. Though not considered particularly impressive, many Chinese have made pilgrimages to it. Farther north, at the western corner of Chiang-ning Lu and An-yuan Lu, is the renovated Yu-fo Monastery with its Temple of the Jade Buddha. The outside walls are a rich yellow; inside are two superb jade statues of Buddha, brought from Burma by a Chinese monk. The monastery also possesses a fine collection of Buddhist classics.

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Southwestern Area

30. The Lung-hua Pagoda, the only pagoda in or near Shanghai, is just north of the Lung-hua Airfield. Should a visitor not be going elsewhere in China, it would be worthwhile to see the pagoda. It is not very impressive, however, when compared with more elaborate pagodas elsewhere in the country.



Figure 18. Lung-hua Pagoda as it appeared in late 1940's. Residents of the city enjoyed outings here in the spring, when the peach blossoms were in bloom.

Selected Industrial Areas

31. A tour of Shanghai's industrial plants offers a unique opportunity to view industrial development in China's largest industrial center.

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Figure 19. Oceangoing freighter being launched at the Chiang-nan Shipyard, south of the Old Chinese Town. The largest shipyard in Shanghai, Chiang-nan is one of the several yards that together make the city the leading shipbuilding center of China.

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Increasingly heavy emphasis has been placed on development of the metallurgical and machinery building industries since 1950, with secondary efforts being made to expand chemical production and light manufacturing.

32. Just south of the Old Chinese Town lies the Chiang-nan Shipyard -- the largest in Shanghai. Shanghai leads the nation in shipbuilding, and it is this shipyard, of the many in the city, that is most widely heralded in Government propaganda releases. Prior to 1949, Shanghai's shipyards were largely devoted to repairs and to building riverine and coastal vessels. Chiang-nan yard was modernized and expanded since 1949, however, and oceangoing vessels are now built in it.

33. South of Shanghai, but separated from it by expanses of open fields, lies the Wu-ching Chemical Complex on the left bank of the Huang-p'u Chiang. A coke chemical plant and a large fertilizer plant are its primary features of interest. The Chinese are very proud of this complex, and they state that all the equipment used here was manufactured in China.



Figure 20. Wu-ching Chemical Complex south of city. View is south along the Huang-p'u Chiang, left middleground. Agricultural fertilizers are an important product of this complex.

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34. Southwest of the Wu-ching Chemical Complex, and west of the nearly right-angle bend of the Huang-p'u Chiang is Min-hsing, a highly publicized industrial suburb of Shanghai. The four major factories there concentrate on heavy manufactures: electrical machinery, heavy machine tools, boilers, and steam turbines. As Min-hsiang was formerly a small rural village, it was necessary to erect apartment blocks and other facilities to provide for workers brought in from Shanghai and elsewhere. Many visitors have been received here as the Chinese are proud of this newly developed and planned industrial district.

35. The recently developed P'eng-p'u heavy industrial district is north of old Shanghai. Although perhaps not as aesthetically pleasing to the eye as Min-hsing, P'eng-p'u also reflects the increasing emphasis being placed on the development of heavy industry in the Shanghai area.

36. The No. 1 Iron and Steel Plant, the only fully integrated plant of its type in the Shanghai area, is located in the Wu-sung district northeast of the P'eng-p'u industrial district. In combination with two other major steel plants, it places Shanghai as a ranking producer of iron and steel in China.

37. The recently constructed Shanghai Petrochemical Plant and the Shanghai Petroleum Refinery are situated downstream from Fu-hsing Tao on the opposite side of the river in the Kao-ch'iao district. Construction of the petrochemical plant, along with the complex at Wu-ching, has served to strengthen Shanghai's importance as a leader in chemical manufacturing.

38. The No. 17 Cotton Mill, the largest textile factory in Shanghai, is found downstream from the Bund on the left bank of the Huang-p'u opposite Fu-hsing Tao in the Yang-shu-p'u district. Shanghai leads the country in textile manufacturing, primarily cottons, although such artificial fibers as nylon are gaining in importance.

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Figure 21. New industrial suburb of Min-hsing, about 12 miles south of city. Shanghai Steam Turbine Plant is on the left -- worker's housing is to the right.

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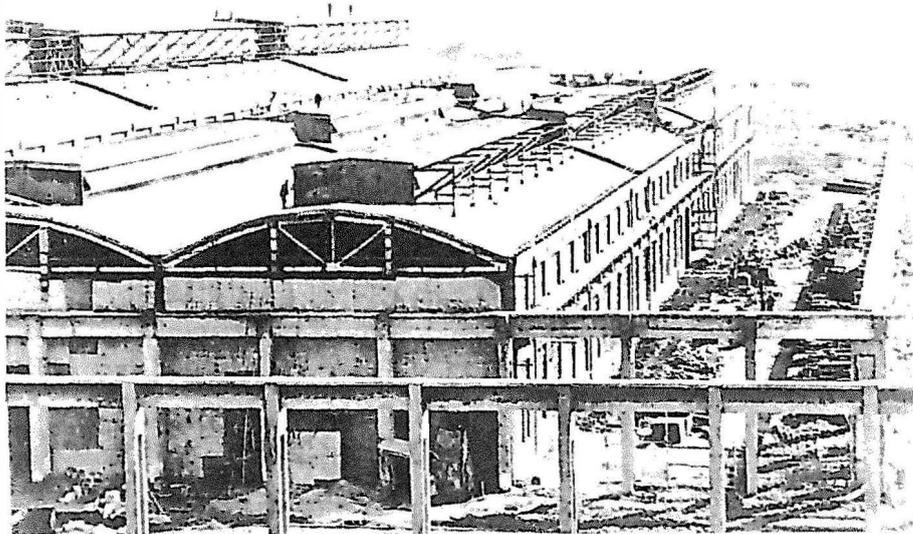


Figure 22. Part of P'eng-p'u Machinery Plant. This plant is located in the P'eng-p'u heavy industrial district north of the central business district.

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